

CITY OF EAST WENATCHEE
Douglas County, Washington
January 1, 1991 Through December 31, 1992

Schedule Of Findings

1. The City of East Wenatchee Should Comply With Budgetary Requirements

During our audit, we noted the following areas of noncompliance with budget law:

- During 1991, expenditures exceeded appropriations by \$58,479 in the Current Expense Fund.
- For 1992 and 1991, no appropriations were made for funds other than Current Expense and Street.
- The city did not include summaries of estimated revenues and appropriations for each fund within the body of the ordinances adopting the final 1992 and 1991 budgets.

Exceeding appropriations is contrary to the provisions of RCW 35A.33.125, which states in part:

The city council or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund

Expenditures of city funds are limited according to RCW 35A.33.120, which states in part:

. . . The expenditures as classified and itemized in the final budget shall constitute the city's appropriations for the ensuing fiscal year . . . the expenditure of city funds or the incurring of current liabilities on behalf of the city shall be limited to the following: (1) The total amount appropriated for each fund in the budget for the current fiscal year

The budget ordinances were not in conformance with RCW 35A.33.075, which states in part:

. . . Such ordinances may adopt the final budget by reference: Provided, that the ordinance adopting such budget shall set forth in summary form the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined

These conditions occurred because the city officials were not aware of the statutory budget requirements.

The statutory budget procedures improve accountability over the budget process.

We recommend that the city appropriate expenditures for all funds and limit its expenditures to the appropriations authorized.

We further recommend that the summary of revenues and appropriations for each fund be included in the body of the city's budget ordinance.

2. The City Of East Wenatchee Should Improve Accounting And Reporting Procedures

During the course of our audit, the city was unable to provide adequate documentation to support the nonrevenues and nonexpenditures reported in the 1992 financial statements in the amounts of \$33,662 and \$148,279, respectively. The city was also unable to provide an explanation for the \$115,964 discrepancy between total operating transfers on the financial statements and total operating transfers on the 1991 Schedule of Cash Activity (Schedule 11).

RCW 43.09.200 states in part:

The state auditor . . . shall formulate, prescribe, and install a system of accounting and reporting, which shall . . . exhibit true accounts and detailed statements of funds collected, received and expended

Inadequate documentation of amounts presented in the financial statements impairs the city's ability to produce accurate and complete reports, and increases the risk that errors or irregularities might occur and not be detected in a timely manner.

We recommend that the city strengthen accounting procedures, including monthly reconciliations, so that the annual financial report agrees to the underlying accounting records.